

AMENDMENT TO H.R. 2646, AS REPORTED
OFFERED BY MS. KAPTUR OF OHIO

AMENDMENT NO. ____: At the end of the bill, insert the following:

1 TITLE X—BIOFUELS ENERGY
2 INDEPENDENCE ACT OF 2001

3 SEC. 1001. SHORT TITLE.

4 This title may be cited as the “Biofuels Energy Inde-
5 pendence Act of 2001”.

6 SEC. 1002. FINDINGS.

7 The Congress finds as follows:

8 (1) Currently the United States annually con-
9 sumes about 164,000,000,000 gallons of vehicle
10 fuels and 5,600,00,000 gallons of heating oil. In
11 2000, 52.9 percent of these fuels were imported,
12 yielding a \$109,000,000,000 trade deficit with the
13 rest of the world.

14 (2) This Act would shift America’s dependence
15 away from foreign petroleum as an energy source to-
16 ward alternative, renewable, domestic agricultural
17 sources.

18 (3) Strategic Petroleum Reserve policy should
19 encourage domestic production to the greatest extent
20 possible.



1 (4) 92.2 percent of the Strategic Petroleum Re-
2 serve has been purchased from foreign sources: 41.9
3 percent from Mexico, 24 percent from the United
4 Kingdom, and over 20 percent from OPEC nations.

5 (5) Strategic Petroleum Reserve policy also
6 should encourage the development of alternatives to
7 the Nation's reliance on petroleum such as biomass
8 fuels.

9 (6) The benefits of biofuels are as follows:

10 (A) ENERGY SECURITY.—

11 (i) With agricultural commodity prices
12 reaching record lows and petroleum prices
13 reaching record highs, it is clear that more
14 can and should be done to utilize domestic
15 surpluses of biobased oils to enhance the
16 Nation's energy security.

17 (ii) Biofuels can be manufactured
18 using existing industrial capacity.

19 (ii) Biofuels can be used with existing
20 petroleum infrastructure and conventional
21 equipment.

22 (iv) Biofuels can start to address our
23 dependence on foreign energy sources im-
24 mediately.

25 (B) ECONOMIC SECURITY.—

(i) With continued dependence upon imported sources of oil, our Nation is strategically vulnerable to disruptions in our oil supply.

(ii) Renewable biofuels domestically produced have the potential for ending this vulnerable dependence on imported oil.

(iii) Increased use of renewable biofuels would result in significant economic benefits to rural and urban areas and would help reduce the trade deficit.

(iv) According to the Department of Agriculture, a sustained annual market of 100,000,000 gallons of biodiesel would result in \$170,000,000 in increased income to farmers.

(v) Farmer-owned biofuels production has already resulted in improved income for farmers, as evidenced by the experience with a State-supported program in Minnesota that has helped to increase prices to corn producers by \$1.00 per bushel.

(C) ENVIRONMENTAL SECURITY.—

(i) The use of grain-based ethanol reduces greenhouse gas emissions from 35 to

1 46 percent compared with conventional
2 gasoline. Biomass ethanol provides an even
3 greater reduction.

4 (ii) The American Lung Association
5 of Metropolitan Chicago credits ethanol-
6 blended reformulated gasoline with reduc-
7 ing smog-forming emissions by 25 percent
8 since 1990.

9 (iii) Ethanol reduces tailpipe carbon
10 monoxide emissions by as much as 30 per-
11 cent.

12 (iv) Ethanol reduces exhaust volatile
13 organic compounds emissions by 12 per-
14 cent.

15 (v) Ethanol reduces toxic emissions by
16 30 percent.

17 (vi) Ethanol reduces particulate emis-
18 sions, especially fine-particulates that pose
19 a health threat to children, senior citizens,
20 and those with respiratory ailments.

21 (vii) Biodiesel contains no sulfur or
22 aromatics associated with air pollution.

23 (viii) The use of biodiesel provides a
24 78.5 percent reduction in CO₂ emissions
25 compared to petroleum diesel and when

1 burned in a conventional engine provides a
2 substantial reduction of unburned hydro-
3 carbons, carbon monoxide, and particulate
4 matter.

5 **Subtitle A—Biofuels Feedstocks**
6 **Energy Reserve Program**

7 **SEC. 1011. ESTABLISHMENT.**

8 The Secretary of Agriculture (in this subtitle referred
9 to as the “Secretary”) may establish and administer a re-
10 serve of agricultural commodities (known as the “Biofuels
11 Feedstocks Energy Reserve”) for the purpose of—

12 (1) providing feedstocks to support and further
13 the production of energy from biofuels; and

14 (2) supporting the biofuels energy industry
15 when production is at risk of declining due to re-
16 duced feedstocks or significant commodity price in-
17 creases.

18 **SEC. 1012. PURCHASES.**

19 (a) IN GENERAL.—The Secretary may purchase agri-
20 cultural commodities at commercial rates, subject to sub-
21 section (b), in order to establish, maintain, or enhance the
22 Biofuels Feedstocks Energy Reserve when—

23 (1)(A) the commodities are in abundant supply;

24 and

1 (B) there is need for adequate carryover stocks
2 to ensure a reliable supply of the commodities to
3 meet the purposes of the reserve; or

4 (2) it is otherwise necessary to fulfill the needs
5 and purposes of the biofuels energy reserve program.

6 (b) LIMITATION.—The agricultural commodities pur-
7 chased for the Biofuels Feedstocks Energy Reserve shall
8 be—

9 (1) of the type and quantity necessary to pro-
10 vide not less than 1-year's utilization for renewable
11 energy purposes; and

12 (2) in such additional quantities to provide in-
13 centives for research and development of new renew-
14 able fuels and bio-energy initiatives.

15 **SEC. 1013. RELEASE OF STOCKS.**

16 Whenever the market price of a commodity held in
17 the Biofuels Feedstocks Energy Reserve exceeds 100 per-
18 cent of the economic cost of producing the commodity (as
19 determined by the Economic Research Service using the
20 best available information, and based on a 3-year moving
21 average), the Secretary shall release stocks of the com-
22 modity from the reserve at cost of acquisition, in amounts
23 determined appropriate by the Secretary.

1 **SEC. 1014. STORAGE PAYMENTS.**

2 (a) IN GENERAL.—The Secretary shall provide for
3 the storage of agricultural commodities purchased for the
4 Biofuels Feedstocks Energy Reserve by making payments
5 to producers for the storage of the commodities. The pay-
6 ments shall—

7 (1) be in such amounts, under such conditions,
8 and at such times as the Secretary determines ap-
9 propriate to encourage producers to participate in
10 the program; and

11 (2) reflect local, commercial storage rates, sub-
12 ject to appropriate conditions concerning quality
13 management and other factors.

14 (b) ANNOUNCEMENT OF PROGRAM.—

15 (1) TIME OF ANNOUNCEMENT.—The Secretary
16 shall announce the terms and conditions of the stor-
17 age payments for a crop of a commodity by—

18 (A) in the case of wheat, December 15 of
19 the year in which the crop of wheat was har-
20 vested;

21 (B) in the case of feed grains, March 15
22 of the year following the year in which the crop
23 of corn was harvested; and

24 (C) in the case of other commodities, such
25 dates as may be determined by the Secretary.

1 (2) CONTENT OF ANNOUNCEMENT.—In the an-
2 nouncement, the Secretary shall specify the max-
3 imum quantity of a commodity to be stored in the
4 Biofuels Feedstocks Energy Reserve that the Sec-
5 retary determines appropriate to promote the orderly
6 marketing of the commodity, and to ensure an ade-
7 quate supply for the production of biofuels.

8 (c) RECONCENTRATION.—The Secretary may, with
9 the concurrence of the owner of a commodity stored under
10 this program, reconcentrate the commodity stored in com-
11 mercial warehouses at such points as the Secretary con-
12 siders to be in the public interest, taking into account such
13 factors as transportation and normal marketing patterns.
14 The Secretary shall permit rotation of stocks and facilitate
15 maintenance of quality under regulations that assure that
16 the holding producer or warehouseman shall, at all times,
17 have available for delivery at the designated place of stor-
18 age both the quantity and quality of the commodity cov-
19 ered by the producer's or warehouseman's commitment.

20 (d) MANAGEMENT.—Whenever a commodity is stored
21 under this section, the Secretary may buy and sell at an
22 equivalent price, allowing for the customary location and
23 grade differentials, substantially equivalent quantities of
24 the commodity in different locations or warehouses to the
25 extent needed to properly handle, rotate, distribute, and



1 locate the commodity that the Commodity Credit Corpora-
2 tion owns or controls. The purchases to offset sales shall
3 be made within 2 market days following the sales. The
4 Secretary shall make a daily list available showing the
5 price, location, and quantity of the transactions.

6 (e) REVIEW.—In announcing the terms and condi-
7 tions under which storage payments will be made under
8 this section, the Secretary shall review standards con-
9 cerning the quality of a commodity to be stored in the
10 Biofuels Feedstocks Energy Reserve, and such standards
11 should encourage only quality commodities, as determined
12 by the Secretary. The Secretary shall review inspection,
13 maintenance, and stock rotation requirements and take
14 the necessary steps to maintain the quality of the commod-
15 ities stored in the reserve.

16 **SEC. 1015. USE OF COMMODITY CREDIT CORPORATION.**

17 The Secretary shall use the Commodity Credit Cor-
18 poration, to the extent feasible, to carry out this subtitle.
19 To the maximum extent practicable consistent with the ef-
20 fective and efficient administration of this subtitle, the
21 Secretary shall utilize the usual and customary channels,
22 facilities, and arrangements of trade and commerce.



1 **SEC. 1016. REGULATIONS.**

2 Not later than 60 days after November 28, 2001, the
3 Secretary shall issue such regulations as are necessary to
4 carry out this subtitle.

5 **Subtitle B—Biofuels Financial**
6 **Assistance**

7 **SEC. 1021. LOANS AND LOAN GUARANTEES.**

8 (a) IN GENERAL.—The Secretary of Agriculture (in
9 this section referred to as the “Secretary”) may make and
10 guarantee loans for the production, distribution, develop-
11 ment, and storage of biofuels.

12 (b) ELIGIBILITY.—

13 (1) IN GENERAL.—Except as provided in para-
14 graph (2), an applicant for a loan or loan guarantee
15 under this section shall be eligible to receive such a
16 loan or loan guarantee if—

17 (A) the applicant is a farmer, member of
18 an association of farmers, member of a farm co-
19 operative, municipal entity, nonprofit corpora-
20 tion, State, or Territory; and

21 (B) the applicant is unable to obtain suffi-
22 cient credit elsewhere to finance the actual
23 needs of the applicant at reasonable rates and
24 terms, taking into consideration prevailing pri-
25 vate and cooperative rates and terms in the
26 community in or near which the applicant re-

1 sides for loans for similar purposes and periods
2 of time.

3 (2) LOAN GUARANTEE ELIGIBILITY PRECLUDES
4 LOAN ELIGIBILITY.—An applicant who is eligible for
5 a loan guarantee under this section shall not be eli-
6 gible for a loan under this section.

7 (c) LOAN TERMS.—

8 (1) INTEREST RATE.—Interest shall be payable
9 on a loan under this section at the rate at which in-
10 terest is payable on obligations issued by United
11 States for a similar period of time.

12 (2) REPAYMENT PERIOD.—A loan under this
13 section shall be repayable in not less than 5 years
14 and not more than 20 years.

15 (d) REVOLVING FUND.—

16 (1) ESTABLISHMENT.—The Secretary shall es-
17 tablish a revolving fund for the making of loans
18 under this section.

19 (2) DEPOSITS.—The Secretary shall deposit
20 into the revolving fund all amounts received on ac-
21 count of loans made under this section.

22 (3) PAYMENTS.—The Secretary shall make
23 loans under this section, and make payments pursu-
24 ant to loan guarantees provided under this section,
25 from amounts in the revolving fund.

1 (e) REGULATIONS.—The Secretary may prescribe
2 such regulations as may be necessary to carry out this
3 section.

4 (f) LIMITATIONS ON AUTHORIZATION OF APPROPRIA-
5 TIONS.—For the cost (as defined in section 502(5) of the
6 Federal Credit Reform Act of 1990) of loans and loan
7 guarantees under this section, there are authorized to be
8 appropriated to the revolving fund established under sub-
9 section (d) such sums as may be necessary for fiscal years
10 2002 through 2009.

11 **Subtitle C—Funding Source and**
12 **Allocations**

13 **SEC. 1031. FUNDING FOR CONSERVATION FUNDING.**

14 (a) REDUCTION IN FIXED DECOUPLED PAYMENTS
15 AND COUNTER-CYCLICAL PAYMENTS.—Notwithstanding
16 sections 104 and 105, the Secretary of Agriculture (in this
17 subtitle referred to as the Secretary) shall reduce by
18 \$2,000,000,000 the total amount otherwise required to be
19 paid under such sections in each of fiscal years 2002
20 through 2011, in accordance with this section.

21 (b) MAXIMUM TOTAL PAYMENTS BY TYPE AND FIS-
22 CAL YEAR.—In making the reductions required by sub-
23 section (a), the Secretary shall ensure that—

24 (1) the total amount paid under section 104
25 does not exceed—



1 (A) \$3,425,000,000 in fiscal year 2002; or

2 (B) \$4,325,000,000 in any of fiscal years

3 2003 through 2011; and

4 (2) the total amount paid under section 105

5 does not exceed—

6 (A) \$3,332,000,000 in fiscal year 2003;

7 (B) \$4,494,000,000 in fiscal year 2004;

8 (C) \$4,148,000,000 in fiscal year 2005;

9 (D) \$3,974,000,000 in fiscal year 2006;

10 (E) \$3,701,000,000 in fiscal year 2007;

11 (F) \$3,222,000,000 in fiscal year 2008;

12 (G) \$2,596,000,000 in fiscal year 2009;

13 (H) \$2,057,000,000 in fiscal year 2010; or

14 (I) \$1,675,000,000 in fiscal year 2011.

